
Department of Transportation

Introduction

The Colorado Department of Transportation is responsible for programs that impact all modes of transportation. Its operations are governed by the State Transportation Commission.

About one half of the Department's expenditures are related to construction funded by the Federal Highway Administration (FHWA) and state capital construction funds. Most of its other expenditures are funded by the Department's portion of the State Highway Users Tax Fund (i.e., the State Highway Fund) and various aviation-related taxes. The Department also receives monies from other federal agencies that it passes through to local governments and other entities for highway safety and transportation improvement programs.

The FHWA funds are used for research, planning, and construction of highways. The State Highway Fund pays for highway maintenance and operations and about 20 percent of any highway construction not covered by FHWA funds.

The following comments were prepared by the public accounting firm of Cottrell & Associates, P.C., who performed audit work for us at the Department of Transportation.

Improve on Timely Closing of Construction Projects

The Department of Transportation's Projects and Grants Section is responsible for closing federal projects in a timely manner by ensuring that internal procedures and requirements have been met. Issuance of the final voucher to the Federal Highway Administration (FHWA) closes the project, which prevents future charges to the project. Final vouchers should be submitted to FHWA within 12 months after the construction contractor is released from further liability, except in cases where a third party or litigation has caused a delay. Over the past several years, audit recommendations for the Department have included a recommendation to close federal construction projects on a more timely basis. During the current year we noted that the Projects and Grants Section has made significant

progress and has virtually eliminated their backlog of projects awaiting final voucher. However, the overall closing process continues to be delayed by other factors, including delays caused by:

- Failure to obtain contractor certifications and documentation on a timely basis.
- Delays due to the project engineer's not submitting required project documentation to the finals engineers within 45 days of project acceptance.
- Delays in project closure when local entities administer projects; generally local entities are less familiar with Department and FHWA documentation requirements.
- Failure to perform the finals review process in a timely manner.
- Delays in certifying contractor payrolls for compliance with Davis-Bacon and other labor-related certifications.

The Department has made progress over the past few years in accelerating the closing process by implementing a "Closing Project Phases" policy and a document tracking procedure. During 1996 the Department assembled a Project Closure Review Team that was charged with improving the project closure process by establishing methods that will result in timely, accurate project closure. The Team identified the delays noted above as obstacles to closure of projects in a timely manner, but has been unsuccessful to date in resolving these delays.

Resolution of project closure delays will require process change and improvements to be implemented throughout the construction and finals process. Consistent with the "cradle to grave" approach for project management adopted under the re-engineering of the Department, consideration should be given to assigning one individual the task of monitoring the entire closure process, along with the responsibility for the completion of the project closeout in a timely manner. The Department should ensure that this individual has sufficient authority to affect the completion of the tasks in a timely manner.

Recommendation No. 28:

The Department of Transportation should improve on the closing of construction projects in a timely manner by implementing process change improvements throughout the construction and finals process. In addition, the Department should identify an individual responsible for the closeout of each project in a timely manner.

Department of Transportation Response:

Agree. The Center for Accounting will work with the various units involved in the project closure process to identify process improvements to help expedite closures.
